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FOR IMMEDIATE RELEASE
JULY 6, 2005

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**MANHATTAN ART GALLERY OWNER SENTENCED TO 41 MONTHS IN
FEDERAL PRISON FOR MULTIMILLION-DOLLAR ART FORGERY SCHEME**

DAVID N. KELLEY, the United States Attorney for the Southern District of New York, announced that ELY SAKHAI, owner of a lower Manhattan art gallery known as "Exclusive Art," was sentenced yesterday evening by United States District Judge LORETTA A. PRESKA in Manhattan federal court to a 41-month term of incarceration as a result of his conviction on federal mail fraud charges for an international art forgery scheme that spanned approximately 20 years. Co-defendant HOUSHI SANDJABY, who worked as gallery manager during the time of the scheme, was also sentenced late yesterday to a term of 3 years' probation.

In addition to the jail term, SAKHAI was ordered by Judge PRESKA to pay restitution in the amount of \$12.5 million to victims of the offenses, and to forfeit 11 paintings, believed to be authentic works which SAKHAI forged during the scheme.

According to the Indictment and SAKHAI's guilty plea, SAKHAI defrauded art purchasers by selling them forgeries of paintings by master artists representing primarily the Impressionist, post-Impressionist and modern periods, such as

March Chagall, Amedeo Modigliani, Pierre-Auguste Renoir, Paul Klee, and Paul Gauguin.

According to the Indictment and court records, SAKHAI would initially purchase authentic works of art and would then hire artists whom he directed to make forgeries of those works, which would appear indistinguishable from the authentic works by, for example, including markings on the back of the canvas and frame. According to the Indictment and other court records, SAKHAI arranged for a special coating to be applied to certain of the finished forgeries, and for the frames to be constructed and altered, in order to make them appear as if they had been made decades earlier.

According to the Indictment and court records, SAKHAI further induced purchasers into believing that the forgeries were authentic through, among other things, providing certificates of authenticity. At times, according to the Indictment and court records, SAKHAI had the certificates of authenticity forged as well. According to the Indictment and court records, between 1994 and 1996, SAKHAI sold art works to a gallery in Tokyo, Japan, and provided the gallery with purported certificates of authenticity to back up SAKHAI's representation that the works were by the artists Pierre-Auguste Renoir, Marie Laurencin and Marc Chagall. Similarly, according to the Indictment and court records, in or about 1995, SAKHAI sold a forgery of Marc

Chagall's painting known as "Les Maries au Bouquet de Fleurs" to an art gallery in Taipei, Taiwan, also providing the buyer with a purported certificate of authenticity. According to the Indictment and other court records, SAKHAI subsequently sold, attempted to sell, or otherwise remained in possession of a "second version" of each of these paintings. According to the Indictment and other court records, in at least two transactions, SAKHAI misled potential buyers into believing that the forged works were authentic by falsely claiming that Citibank was involved in the sale and that the paintings were pledged as collateral for Citibank loans.

According to the Indictment and court records, years after selling the forgeries, SAKHAI would attempt to sell the authentic paintings through public auction without disclosing his own prior sales of one or more forgeries of the same work. On one occasion, an unwitting purchaser of a forgery offered the painting for resale by putting it up for auction with a major auction company and, according to the Indictment and court records, both the forgery and the authentic paintings appeared at competing auction houses. Such was the case for Paul Gauguin's "Vase de Fleurs (Lilas);" the forgery (which SAKHAI sold in 1997 to an individual in Tokyo, Japan) was consigned by a subsequent purchaser to Christie's for its May 2000 auction, while the authentic painting (which SAKHAI kept) was consigned to Sotheby's

for *its* May 2000 auction, by SAKHAI himself. According to the Indictment and court records, after representatives of Sotheby's and Christie's learned of the two versions of what appeared to be the same Gauguin, an expert examined them side by side and concluded that the one that the Tokyo individual purchased in 1997 was a forgery.

SAKHAI was directed to surrender to the Bureau of Prisons on September 7, 2005.

Mr. KELLEY praised the investigative efforts of the FBI and said that the investigation is continuing.

Assistant United States Attorneys JANE A. LEVINE and VIRGINIA L. CHAVEZ are in charge of the prosecution.

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